



Stock Rating: **BUY!**

Meta Platforms (NYSE: FB)

Communications – Interactive Media & Services

Credence Wernke | Credence-Wernke@uiowa.edu
Tony Lyon | Tony-Lyon@uiowa.edu

Investment Thesis

We recommend a **BUY** rating for Meta Platforms Inc.

Drivers of Thesis

- Meta is the dominant social media platform in the world and continues to grow considerably by expanding its Family of Apps into developing regions in the Asia-Pacific and Rest of the World. We expect user growth in these regions to be around 10% in the near future and revenue growth to be around 15%.
- Virtual reality is seeing tremendous investment and Meta is at the forefront of the space. Meta's Quest is the best-selling VR hardware in the world, with nearly 100% revenue growth for their Reality Labs division in the last 2 years. This growth sees no signs of slowing down.
- Meta is trading at lower multiples in comparison to peers. Our income projections see Meta with 15.6 and 1.1 one year forward P/E and PEG multiples, far lower than the average of prevalent peers in the Interactive Media space.

Risks to Thesis

- Apple's app tracking transparency policy is a projected \$10B hit to 2022 topline revenue, with potential lasting impacts to advertising sales, as Meta's ad targeting efficiency declines.
- TikTok's rise signals increased competition for Meta's social media platforms. Active users on Facebook saw QoQ decline for the first time in the company's history in Q4 2021. Slower user growth is foreseen to continue in the near future with increased competition.
- Public perception of Meta is negative with around 40% of U.S. adults disliking the Meta brand and over 50% having an unfavorable opinion of CEO Mark Zuckerberg. Potential psychological harms of Meta's social media platforms for teens, aggressive data tracking practices, and confusion over the feasibility of the Metaverse have contributed to negative viewpoints of the company.

Stock Performance



Current Price: **\$210.77**

Target Price: **\$300-320**

Company Description

Meta Platforms, Inc. is a social media application developer. It's technology helps individuals connect, form groups, and advertise their businesses. The company currently has two segments it operates in: Family of Apps (FoA) and Reality Labs (RL). FoA contains Facebook, Instagram, Messenger, WhatsApp, and other services. RL contains company operations that deal with augmented and virtual reality.

Snapshot

DCF: **\$311.91**
DDM: **\$208.17**
Relative Valuation: **\$472.21**

Price Data

Current Price: **\$210.77**
 52-Week Range: **\$185.82-\$384.33**

Key Metrics

Market Capitalization (B) **572.142B**
 Shares Outstanding (M): **2.3B**
 Beta: **1.39**
 Forward P/E: **15.6**

Financial Overview

2021 Revenue **\$117,929**
 2022E Revenue **\$134,996**
 2021 Profit Margin **27.26%**
 2022E Profit Margin **24.34%**

Earnings Estimates

Year	2021A	2023E	2024E
EPS	\$13.99	\$13.54	\$15.09
Growth	37.9%	-3.2%	11.4%

Executive Summary

Meta Platforms (NYSE:FB) is the second largest company within the interactive media & services space behind only Alphabet. The company helps individuals connect, form groups, and advertise their businesses. Meta Platforms operates under two business segments: Family of Apps (FoA) and Reality Labs (RL). Family of Apps includes their various social media platforms such as Facebook, Instagram, WhatsApp, and Facebook Messenger. Reality Labs includes all of Meta's expansive work within the virtual reality space, building on the Metaverse. We recommend a buy rating for Meta with a target price range of \$300-320.

We believe that Meta's position as the most dominant social media company in the world, as well as its history of effectively expanding into profitable products, sets the company up for long-term success. Even with looming economic struggles over the coming year, a decline in active user base for the first time, and Apple's policy changes hindering Meta's ad targeting efficiency, the company has become too undervalued given its reputation of growth and cash generation. Taking all these headwinds into account and assuming significantly slower growth for the company, it still sells too cheaply relative to its intrinsic value as well as compared to its peers.

Pioneering the Metaverse, investing aggressively into artificial intelligence, and maintaining their position as the top social media platform in the world will pave the way for Meta to continue its track record of effectively monetizing the more than 3.5 billion peopleⁱ the company impacts.

Company Analysis

Meta is headquartered in Menlo Park, CA. As a company within the interactive media & services space, Meta generates the largest portion of its revenue through selling advertising space on its social media sites that operate internationally in almost every country.

Meta wants to maximize interactivity between users on their platforms by creating spaces where the majority of their users' needs are met, whether it be through

creating connections with others or buying and selling in one of their social media marketplaces.

Meta operates through its Family of Apps and Reality Labs segments. Family of Apps includes the social media sites of Facebook, Instagram, WhatsApp, and Facebook Messenger. These sites include around 3.5 billion active monthly users and produce around 98% of Meta's revenue.ⁱⁱ Reality Labs includes all of Meta's work within the virtual reality space and is their newest and fastest growing segment. The segment includes the Metaverse, an interactive virtual platform.

Facebook

Facebook is Meta's largest social media platform at 2 billion users as of year-end 2021.ⁱⁱ It is a platform where users can add each other as friends and stay up to date with the posts of others within their network. The site began in 2004 and is the original platform of Meta. Facebook is still adding new features to compete with other apps within the social media space. Most recently, Facebook has added both a marketplace and a short-form video sharing platform called Facebook Reels.

Instagram

Instagram was acquired by Meta in 2012 for \$1 billion.ⁱⁱⁱ The site has since amassed a user base of over 1.1 billion users.ⁱⁱ Instagram is a social media platform where users can follow others and stay up to date with them through their live feed of captioned photos. The platform has many other features such as Stories, Reels, Live, Shops, direct messaging, and more.

WhatsApp

WhatsApp was acquired by Meta in 2014 for \$19 billion.^{iv} The site now hosts around 1.1 billion users.ⁱⁱ The application is a simple way to message others and transact in a private manner.

Facebook Messenger

Facebook Messenger was launched in 2011 as a messaging app and has grown to have around 427 million users.ⁱⁱ The app is used as a messaging platform for Meta's other apps, particularly Facebook.

Reality Labs

Reality Labs is the newest segment of Meta's business. It encompasses all of Meta's virtual reality business including the Oculus and the Metaverse. The segment is generating \$2.2 billionⁱ in revenue and its revenue growth rate is expected to be at 100% in the short term.

Oculus was acquired by Meta for \$2 billion in 2014.^v It has become integral to Meta's virtual reality segment as it provides the hardware needed to access Meta's virtual space. Oculus has generated around \$1 billion in revenue for the company.ⁱ

The Metaverse is the virtual reality space that Meta uses to create a more immersive and interactive experience than their Family of Apps line of social media sites. The company rebranded to Meta from Facebook as a reflection their commitment to developing this new medium of interaction. The company is currently looking to monetize the Metaverse in ways that include the selling of virtual property, royalties on any purchase made within the space, and advertisements. The company envisions running the operating system that completely disrupts the way people work, socialize, play, and live.

SWOT

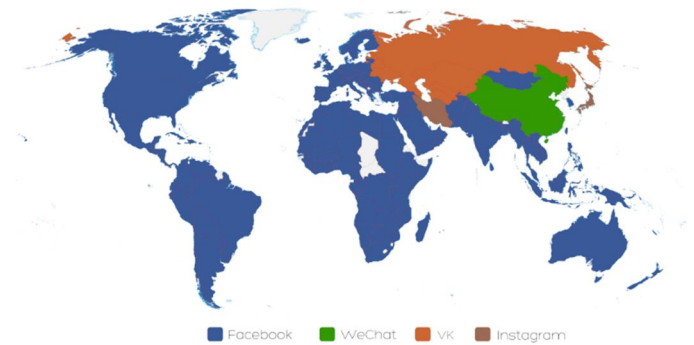
Strengths

Meta's foothold as an important aspect of the daily lives of consumers, as the largest social media company in the world, is the root of many of the company's strengths. The track record of Meta's management of expanding into products utilized by over 3.59 billion people has gotten the company to this position of dominance and will allow it to maintain this position.

Meta's primary strength is its total users. As seen in the graphic below, Facebook or Instagram is the most used social network in every country in the world outside of China and Russia.

WORLD MAP OF SOCIAL NETWORKS

January 2022



credits: Vincenza Cosenza vincos.it

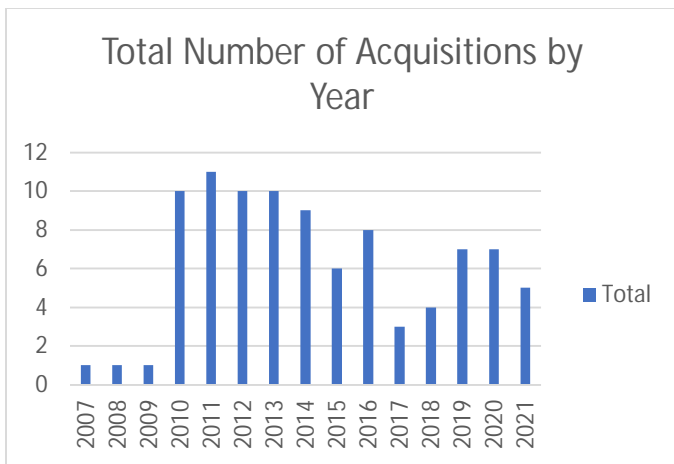
license: CC-BY-NC

source: Alexa/SimilarWeb

Source: Vincos^{vi}

Meta also benefits from its ability to monetize a user. Their platforms are completely free to use, yet the company generated nearly \$118 billion of revenue in 2021. This is due to Meta's unmatched effectiveness at turning time spent on their free applications into tremendous value for advertisers. Annually, users spend over 44.6 billion hours on Facebook.com.^{vii} This is far and away the most time spent on any pure social media website, as Twitter.com follows Meta's platform with 13.4 billion hours. Meta's ability to monetize these users is so efficient that the company generated \$7.89 per user in Q3 of 2021, while Snapchat generated only \$2.73 per user in that time frame.^{viii}

Management's acumen for expanding into projects that are highly successful is another great strength that has gotten the company to its dominant position. Both WhatsApp and Instagram, which were acquired in 2014 and 2012 respectively, have over 1 billion active users. Revenue streams are likely to continue to be diversified going forward as the company is a serial acquirer, totaling 93 companies acquired as of the end of 2021.^{ix}



Source: TechWyse^{ix}

Meta's management has also been able to identify consumer trends and has positioned itself to be one of the largest companies in the virtual reality space. Proactive thinking about Apple and Google's privacy policies on their operating systems led to Meta pouncing on the opportunity to pioneer Web3 and create an operating system of their own. The Oculus Quest 2 outsold Microsoft's Xbox in 2021 with over 8.1 million units sold in 2021 compared to 8.0 million for the Xbox.^x

Weaknesses

Meta's most glaring weakness, as the company stakes its reputation on the potential metaverse, is the lack of concrete foreseeability of revenue generation resulting from the project. The company's discussion of the viability of the metaverse tends to be very vague:

"The metaverse is a set of virtual spaces where you can create and explore with other people who aren't in the same physical space as you. You'll be able to hang out with friends, work, play, learn, shop, create and more."^{xi}

The company changed their name from Facebook to Meta at the end of 2021, betting on the success of this venture, and the project will be an estimated \$29 to 34 billion capital expenditure in 2022.ⁱ This move came after the Reality Labs segment of the business resulted in a \$10 billion hit to operating income in 2021.ⁱ This is significant investment in a project that no one can be sure will generate positive income any time soon.

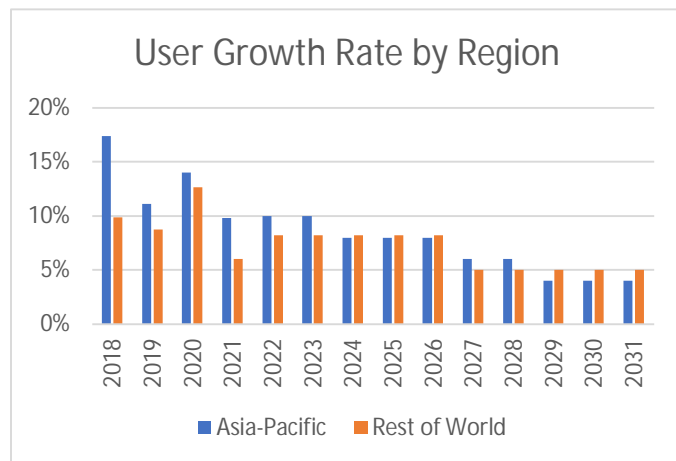
Meta's current lack of diversification in revenue streams beyond advertising is another glaring weakness for the company. 98% of 2021 revenues were generated from

advertising within the Family of Apps division.ⁱ This leaves Meta vulnerable to outside forces that heavily impact ad spending for companies.

Public perception of the company is another large weakness. Although people obsessively use Facebook, Instagram, WhatsApp, etc. every day, they quite often have negative viewpoints of the company. 39% of U.S. adults have an unfavorable opinion of Facebook and 54% have an unfavorable opinion of Mark Zuckerberg.^{xii} A study conducted by Quinnipiac University found that 52% of Americans believed Facebook did a poor job regulating false content.^{xiii} Pew Research found that 51% of adult Facebook users were not comfortable with the way the company targeted ads to them.^{xiv} This negative perception of the company as a whole is a likely contribution to 68% of adults claiming they are not interested in joining the metaverse as it develops.^{xii}

Opportunities

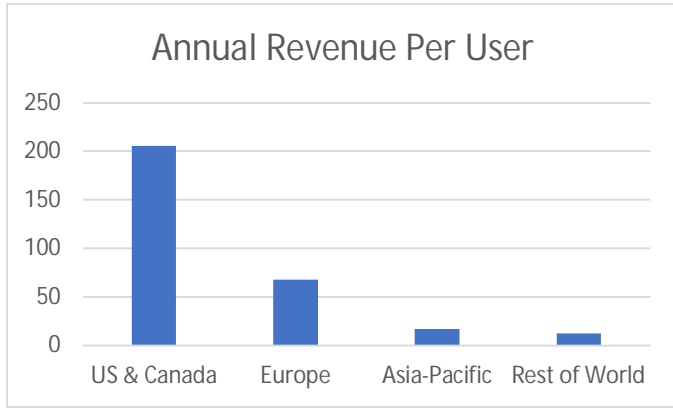
The growth of social media in third world countries paves the way for Meta's user base to continue to grow globally as they remain the dominant social media platforms. From 2017 to 2021, users in the Asia-Pacific and Rest of World (Africa/Latin America) regions grew at an arithmetic mean of 13.07% and 9.32% per year respectively.



Source: 10-Kⁱ

Meta has already established itself as the dominant social media platform in every country outside of China and Russia. They can realize the advantages of the economic and internet growth of all countries as they better monetize an increasing amount of global consumers. Currently, Meta generates \$205 in annual

revenue per user in the U.S. and Canada, and \$68 per user in Europe. This is compared to only \$17 for users in the Asia-Pacific region and \$12 for the Rest of the World.ⁱ The third world user is not yet as important to advertisers as the first world consumer. As these economies expand over time, Meta will have a significant opportunity to improve their ability to monetize such a large user base.



Source: 10-Kⁱ

The growth of the metaverse, with Meta at the forefront of the VR and AR industries, presents another opportunity for the company. The global VR market was valued at \$21.83 billion in 2021 and is expected to grow annually at 15% until 2030.^{xv} As of the end of 2021, Meta's Oculus dominated the VR headset space with over 52% market share.^{xvi} Virtual gaming, office spaces, community events, real estate, and currencies are concepts increasingly making their way into global discussion and Meta has established itself as the number one name in the industry.

Meta's investment in artificial intelligence is their stated strategy to improve ad targeting efficiency, detect violating content, and automate decisions for the company. The artificial intelligence industry is projected to grow at a compounded annual rate of 38.1% from 2022 through 2030.^{xvii} As technology in the space continues to innovate, we believe Meta will be able to navigate the threats posed to their ad targeting efficiency as they claim. Meta CFO David Wehner expects AI CapEx spending to improve ad performance and relevance.^{xviii} This will come after the tailwinds felt during this current year, and we project 2023 revenue growth to be larger than that of 2022.

Threats

Meta's social media applications are utilized by users through the operating systems of other large tech companies such as Apple's IOS and Google's Android OS. This leaves Meta vulnerable to policy changes by these companies. Apple's data tracking policy change was introduced in April of 2021, requiring apps to ask for permission before tracking user behavior.^{xix} The full effects of the policy change are projected to be a \$10 billion hit to Meta's 2022 ad revenue by CFO David Wehner.ⁱ Only 25% of users are opting in to being tracked.^{xx}

Google is likely to do the same for their Android devices, rolling out the policy over the next two years.^{xxi} 81.8% of Facebook users access the app through their mobile devices, and an estimated 94% of ad revenue can be attributable to mobile users.^{xxii} The decline of Meta's efficiency at targeting ads would be detrimental to their competitive advantage.

The rise of TikTok is a massive threat to Facebook's position as the world's dominant social media platform. For the first time in company history, Meta saw a decline in active users in Q4 of 2021.ⁱ This was while TikTok hit its billionth active user in 2021 and already hit 1.6 billion monthly active users in the first quarter of 2022.^{xxiii} The growth of Meta's direct competitor has caused the company to hire a lobbying firm to paint the Chinese-owned TikTok as a threat to American data security.

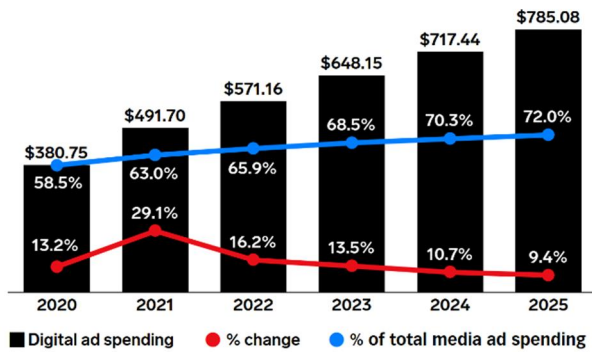
Industry Analysis

Overview

The Communications sector can be split into the industries of Telecommunications/Media and Entertainment. Interactive Media and Services is the subindustry of Media and Entertainment in which Meta falls within. Companies within this subindustry are engaged in content and information creation and distribution through proprietary platforms. Revenues are primarily generated through pay-per-click advertisements. User data is heavily tracked and utilized to better target relevant advertisements based on consumer interests. Major competitors to Meta within the interactive media and services space are Alphabet, Snap, Pinterest, Twitter, TikTok, and Match.

xxivxxv We believe the interactive media and services industry is set up for long term, fast-paced growth as advertising trends to digital platforms.

Digital Ad Spending Worldwide, 2020-2025
billions, % change, and % of total media ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS, and P2P messaging-based advertising
Source: eMarketer, October 2021

T11622 eMarketer | InsiderIntelligence.com

Source: Net Advantage

Competitors

Alphabet is the largest company in the interactive media and services industry, with Meta right behind. The other publicly traded companies in the space are Twitter and Snap. Alphabet has relatively more diversified revenue streams than others in the industry, and yet 81% of revenue came from their Google Advertising segment in 2021.^{xxvi} Players in the digital advertising industry directly compete for dollars from advertisers looking for the most quality outlets to market their businesses. Market share among the large publicly traded companies within the industry was dominated by the largest few companies, particularly Alphabet and Meta.

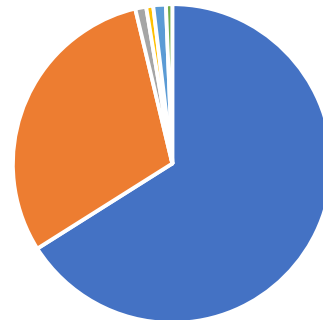
Porter's Five Forces

Threat of Substitutes – Moderate

The threat of substitutes for mediums of digital advertising is relatively low for Meta as they reach such a massive audience relative to other companies in the industry. However, advertising platforms are universally

low cost and simple to use, and many can be utilized at one time. The absence of Meta's platforms would have significant impacts on advertising for more than 10 million businesses.^{xxvii} However, other platforms such as TikTok, YouTube, and Snap are other effective substitutes.

Market Share Among 6 Top Interactive Media and Services Companies



- Alphabet (GOOGL)
- Meta (FB)
- Match (MTCH)
- Twitter (TWTR)
- Snapchat (SNAP)
- Pinterest (PINS)

Source: Yahoo Finance

Bargaining Power of Suppliers - Low

Many of the companies within the industry rely heavily on software they develop themselves. Though powerful servers are necessary to run these platforms, companies often skip over suppliers to order their own parts and build their hardware themselves. Telecom companies are also necessary for operations, however competition within this space is fierce enough to keep supplier power low.

Bargaining Power of Buyers - Moderate

Businesses looking to advertise are only willing to pay as much as they believe the ads will generate in profits. Therefore, even the largest players in the industry, effectively reaching the largest number of users, have price ceilings they must abide by to attract customers. Meta's historic ability to target ads based on user data has put them in a position of power among competitors.

Threat of New Entrants - Low

The threat of new entrants is low in the social media space as obtaining a tremendous user base is necessary

and very difficult. Further difficulties arise from attempting to effectively monetize a user base, because users can resort to free alternatives and advertisers can resort to advertising mediums with more resources to efficiently target ads.

Degree of Competition – Moderate

The degree of competition revolves around innovation in this industry, which is clouded with uncertainty. Expansion into VR, AR, autonomous vehicles, cloud services, and quantum computing are examples of avenues companies are taking to attempt to disrupt the industry. This adds pressure on each company within the industry to attempt to out-innovate one another. For many companies, this translates into large expenses in R&D year after year that never pan out into real income generation.

Economic Analysis

Economic challenges have plagued the start of 2022 as inflation, geopolitical tensions, and interest rate hikes are likely to hinder productivity for the entirety of the year. Global governments' regulation of many of the practices of large technology companies poses another risk to Meta's growth.

Geopolitical Tension

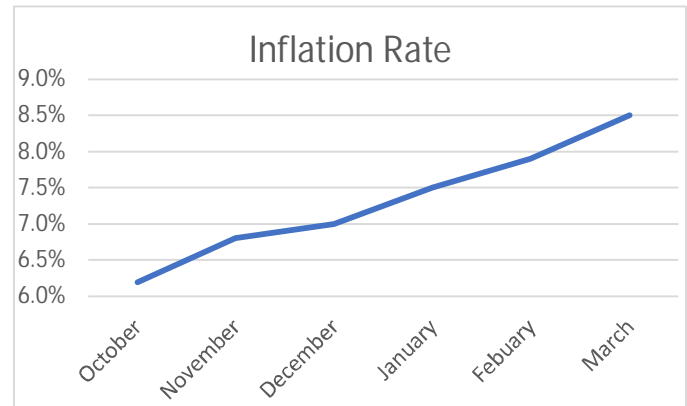
Russia's invasion of Ukraine in late February 2022 has caused western countries, including the U.S., to impose sanctions of key Russian commodities such as oil and gas.^{xxviii} Russia has retaliated by banning US social media sites, including the ones owned by Meta, to protect against "extremism".^{xxix} For the foreseeable future, we do not believe these bans will be lifted.

Meta will not be too negatively affected by the Russian ban of their social media sites because the company only has around 7 million users in the country.ⁱⁱ The main threat Meta will face is the inflationary pressure that will come with higher oil and gas prices. Higher inflation leads to less consumer spending and makes advertising on Meta's social media sites less attractive. The pressures

that the conflict puts on Meta are reflected in a lower revenue growth rate.

Inflation

The CPI increased 8.5% YoY in the month of March. The PPI increased 11.2% YoY in the same time frame.^{xxx} This is a large increase from just a few months before. Global supply chain issues resulting from COVID lockdowns, as well as economic stimulus incentivizing increased consumer spending, have caused price uncertainty to ripple through input and output costs.



Source: Raconteur^{xxxi}

Inflationary pressures impact the budgetary decisions of consumers who decide to save instead of spending their income on goods. Less consumption on the side of the consumer makes advertising on Meta's social media sites less profitable for Meta's customers.^{xxxi} Thus, Meta's customers will spend less on advertising, decreasing Meta's profits.

We expect inflation to continue its increasing trajectory with the CPI hitting up to 9.0% for the year 2022. Meta's increasing investment in Capital Expenditures is where the majority of this impact will be directly felt by the company. Management has projected \$29-34 billion in capital expenditures for 2022, up from about \$18 billion in 2021.ⁱ Meta will also see increased compensation costs for high-impact employees looking to keep up with inflation. We have reflected this increase in our R&D as a percent of sales for both 2022 and 2023.

Government Regulation

Platform Competition and Opportunity Act (2021)^{xxxii}

The Platform Competition and Opportunity Act prevents companies with market capitalizations over \$600 billion from acquiring smaller social media platforms. Meta is currently below this threshold but is likely to pass it. The act will make expansion through acquisition much harder for Meta, and if passed it will likely stifle future acquisition opportunities.

European Data-Transfer Pact^{xxxiii}

The U.S. and Europe disagreed over rectifying a new data-sharing pact that expired in 2020. The main argument was over rectifying the privacy shield; the privacy shield allowed for data flow from the Europe to the U.S. Meta would have had to move out of Europe if the privacy shield was not reinstated because the region would have ceased to be profitable for the company. Luckily, the agreement was made and the privacy shield was reinstated, but the event does shed light on how dependent Meta is on being able to process user information.

Interest rates

The 10-year treasury rate has been rising quickly in the last few months due to inflationary pressure and from the Federal Reserve increasing interest rates in response. It is currently yielding over 2.9%.^{xxxiv}

Interest rates will not directly affect Meta negatively due to the company holding little debt, but it will impact Meta’s customers. The indirect impact of interest rate increases is the rise in the cost of debt for the companies that advertise through Meta’s apps. As capital becomes more difficult to come by, budgets used for advertising will shrink, and Meta will feel the impact. We reflected negative impact of the interest hikes in our model with lower revenue growth rate.

Supply Chain

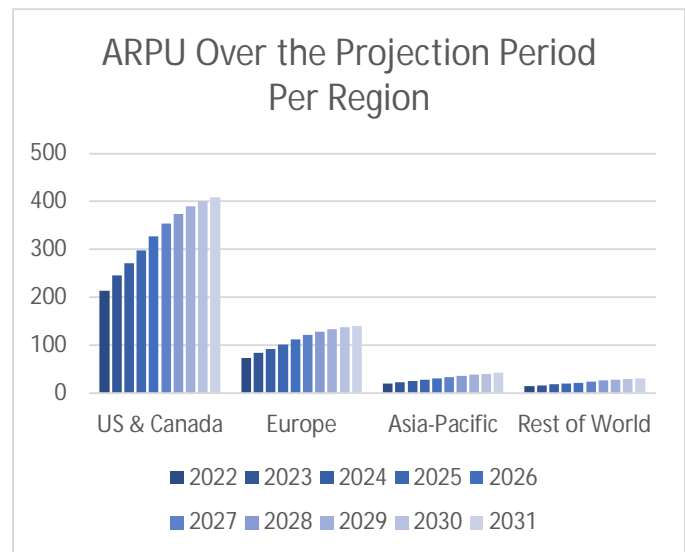
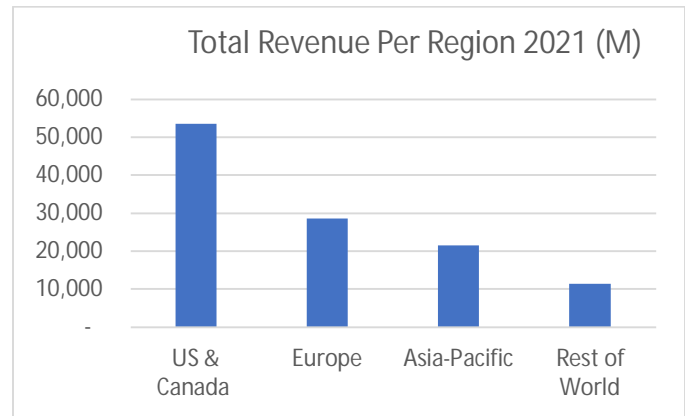
Telecom companies are the main medium from which Meta can supply access to their social media sites. COVID delayed the creation of new lines in developing countries as telecom companies delayed new rollouts due to the uncertainty that COVID provided. Since telecom has gotten a boost in increased traffic due to lockdowns, the increased capital available to them will allow for rollout expansion into developing regions faster than before

(PWC). The effects on Meta will be a short-term user growth increase in developing regions.

Valuation Analysis

Revenue Decompositionⁱ

Meta has two main revenue sources: Family of Apps and Reality Labs. For a clearer understanding of what drives Meta’s revenue, we decided to break the Family of Apps down by advertising revenue for geographic regions and fee revenues. We found the advertising average revenue per user (ARPU) and the user growth rate per region by separating the Family of Apps into the regions of US & Canada, Europe, Asia-Pacific, and Rest of World. We learned where revenue was being generated by looking at each region. A notable data point is that the ARPU of a consumer in the U.S./Canada region was 205.26 in 2021, while the second highest was Europe at 67.51.



For Family of App fees, we grew them out at 5% a year based on the historical growth rates for the revenue stream.

Reality Labs is a high-growth segment for Meta and we reflected that in our revenue projections. We grew Reality Labs based on the past historical growth for the next few years, then gradually decreased growth overtime as the segment matured.

Cost of Revenue/M&S/G&Aⁱ

Cost of Revenue, Marketing & Sales, and General & Administrative expenses were straight-lined from 2021 as a percentage of sales. The 2021 numbers for all these expenses as a percent of sales are higher than previous years, which falls in line with management saying that higher costs are expected to persist into the future (stated in the company's 2021 10-K). These higher costs can be attributed to the operations of the Reality Labs segment of Meta's business.

Research & Developmentⁱ

Research & Development costs are historically increasing over time, and we expect them to peak at 25% in 2023 before decreasing down to a percent of sales based on the historical average. The peak of Research and Development will coincide with the final high growth rate year of the Reality Labs segment before we gradually start reducing its growth.

Capital Expenditureⁱ

We calculated Capital Expenditure to be at 31.5 billion for 2022 by averaging out the range of the projected 29–34 billion given by management in the 2021 10-K. We then straight-lined Capital Expenditure growth rate at 10% through the rest of our projection period. The higher Capital Expenditure is to account for continued investment into Reality Labs.

WACCⁱ

The WACC that we calculated for Meta is 9.66%. For our WACC calculation we needed to create assumptions for our Risk-Free Rate, Beta, Market-Risk Premium, the Pretax Cost of Debt, and our Marginal Tax Rate. We used these numbers to find our Cost of Equity and After-Tax Cost of Debt before finally multiplying those numbers by

their weight then adding them together to find our WACC. To find the Risk-Free Rate, we took the 10-year treasury yield of 2.862% because it reflects the period of time represented in our projection period. For the Beta, we were given a wide range of options, but we came to the decision to use the 5-year monthly at 1.39. We believed it bested reflected the risk associated with Meta Platforms. The market risk premium came from Damodaran's trailing 12-month market risk premium calculation at 5% for April 1st, 2022. Our Pretax Cost of Debt of 4.16% was found by looking at the long-term debt in a comparable company since our company does not bear much debt itself. The company whose debt we chose to emulate was Twitter and we found it by looking at their most recent bond issuance. To find the Marginal Tax Rate, we used the Marginal Tax Rate for Meta from 2021.

Cost of Equity

We calculated the 9.81% Cost of Equity by using the Capital Asset Pricing Model (CAPM). In the CAPM we use the Risk-Free Rate, Meta's Beta, and the Market Risk Premium to find Meta's Cost of Equity. The 10-year treasury rate resides over the same 10 years as our projection period and our Beta 1.39 shows that our company is volatile in comparison to the rest of the market. The Market-Risk Premium of 5% was taken from Damodaran. Using these metrics, we can add our Risk-Free Rate to the Beta Multiplied by the Market-Risk Premium to get our Cost of Equity at 9.81%.

Cost of Debt

The Pretax Cost of Debt we calculated was 4.16%. It is the Yield to Maturity of the most recent bond issuance by Twitter in 2019, one of our comparables. We used the Pre-Tax Cost of Debt and the Risk-Free Rate of 2.862% to get our Implied Debt Premium of 1.3%. We take our estimated Cost of Debt and multiply it by 1 – the Marginal Tax Rate to get our After-Tax Cost of Debt at 3.21%.

Valuation Modelsⁱ

Discounted Cash Flow & Economic Profit

For our DCF and EP models of Meta we forecasted our future cashflows out for 10 years before establishing a steady-state growth rate. We then discount the

cashflows from these two periods back to the present using the WACC. After taking into account non-operating adjustments, we come to an implied price as of today at \$311.91.

We believe the DCF/EP models are most representative of where Meta's valuation should lie because we are very conservative in the short term due to the multitude of economic and company specific threats that Meta is currently facing.

Dividend Discount Model

Meta does not issue a dividend and we did not expect any dividends issuance throughout our projection period. For our Dividend Discount Model (DDM), we only had to calculate the P/E multiple for the CV Year. The assumptions that were used were the CV growth of EPS, CV Year ROE, and the Cost of Equity to get a P/E multiple of \$11.45. We then multiplied the P/E multiple by the EPS for the CV year to get an implied stock price for 2031E at \$472.20. After finding the stock price at 2031E, we discounted it back to the present using the Cost of Equity to get a final implied stock price of \$208.17.

We believe that the DDM is not a good representation for the value of Meta because the company does not pay out a dividend and we do not expect that to change within the time frame we have projected.

Relative Valuation

We used seven comparable companies for our relative valuation: Alphabet, Twitter, Apple, Amazon, Tencent Holdings, Microsoft, and Pinterest. All comparables are priced as of 4/18/2022 and their earnings estimates for the next two years are pulled from FactSet. The comparable companies average P/E multiples are 34.87 and 27.15 for the years 2022 and 2023 respectively. For Meta, we projected P/E to be 15.6 and 14.0 for 2022 and 2023 respectively. The much lower P/E for Meta represents that the company is trading for much cheaper in comparison to its peers. The lower trading is due to a disappointing Q4 earnings for 2021 and a projection that costs will outpace revenues into the near future. The 5-year EPS Estimates were also from FactSet and were used to create our average PEG growth rates of 1.43 and 1.16 for 2022 and 2023 respectively. These growth rates are also higher than the projected PEG growth rates for Meta. We finally did P/S for our comparables and found

that they have ratios of 5.93 and 5.14 for 2022 and 2023 respectively. Meta trades at a discounted P/S at 4.4 and 3.6 for 2022 and 2023 respectively. When finding which Measure to use for our comparable valuation we decided on P/E to show how discounted our company currently is in relation to peers and that the valuation of the company is dramatically increased to \$472.21 if it were trading at their multiples.

Due to the recent missed earnings and the expected growth slowdown, we believe that valuing Meta at the same multiples as its peers is less representative of where Meta should be valued in comparison to looking at its intrinsic cash flows from the DCF/EP.

Sensitivity Analysis

Rest of World ARPU Growth 2022 vs Rest of World User Growth 2022

Rest of World ARPU Growth for 2022 and Rest of World User Growth for 2022 are important measurements to consider when it comes to the revenue growth of Meta because of how much the company has been investing in expanding into the developing world. A higher percentage growth in both significantly increases Meta's valuation. When we raise Rest of World ARPU to 30% from 15% our implied stock price increases to \$380.98. The implied stock price also increases with Growth in users for Rest of World where an increase to 11.2% from 8.2% brings the valuation up to \$328.93.

		Rest of World ARPU Growth 2022						
		7.50%	10%	12.50%	15%	20%	25%	30%
Rest of World User Grc	311.91							
	5.20%	282.83	287.43	292.60	298.43	312.31	329.74	351.53
	6.20%	285.57	290.58	296.22	302.57	317.72	336.76	360.57
	7.20%	288.54	293.99	300.14	307.06	323.58	344.37	370.37
	8.20%	291.74	297.67	304.37	311.91	329.92	352.60	380.98
	9.20%	295.20	301.65	308.94	317.15	336.78	361.50	392.46
	10.20%	298.93	305.95	313.88	322.82	344.19	371.13	404.89
	11.20%	302.95	310.59	319.21	328.93	352.20	381.54	418.33

Capital Expenditure Growth Rate 2023 vs COGS as % of Sales 2022

Capital Expenditure Growth Rate 2023 and COGS as % of Sales 2022 are both costs inputted into calculating net income. Capital Expenditure is expected to be at \$31.5 billion from management notes and we projected it to increase at 10% out from there. COGS as a percentage of

sales we straight-lined from 2021 following the trend of higher expenses that management set for the foreseeable future in the latest 10-K. higher percentage growth in both significantly decreases Meta's valuation. When we raise CapEx Growth Rate in 2023 to 16% from 10% our implied stock price decreases to \$259.12. The implied stock price also decreases with COGS as % of Sales 2022 where an increase to 15.45% from 12.45% brings the valuation down to \$277.26.

		CapEx Growth Rate 2023							
		311.91	4.00%	6.00%	8.00%	10.00%	12.00%	14.00%	16.00%
COGS as % of Sales 20:	9.45%	387.49	375.00	361.39	346.56	330.42	312.86	293.77	
	10.45%	375.94	363.45	349.84	335.01	318.87	301.31	282.22	
	11.45%	364.39	351.90	338.29	323.46	307.32	289.76	270.67	
	12.45%	352.84	340.35	326.74	311.91	295.77	278.21	259.12	
	13.45%	341.29	328.80	315.19	300.36	284.22	266.66	247.57	
	14.45%	329.74	317.25	303.64	288.81	272.67	255.11	236.02	
	15.45%	318.19	305.70	292.09	277.26	261.12	243.56	224.47	

Beta vs CV Growth of NOPLAT

Beta is an integral part of calculating WACC and the CV of NOPLAT is the final growth rate calculated for the perpetuity period of the EP valuation. These metrics are important to investigate because volatility and the perpetuity growth rate are important in finding the value of a company. When we raise Beta to 1.54 from 1.39 our implied stock price decreases to \$278.68. The implied stock price increases when CV Growth of NOPLAT increases to 3.10% from 2.5% bringing the valuation up to \$326.71.

		Beta							
		311.91	1.23	1.29	1.34	1.39	1.44	1.49	1.54
CV Growth of NOPLAT	1.90%	338.97	323.09	310.84	299.40	288.68	278.63	269.19	
	2.10%	344.35	327.87	315.18	303.35	292.29	281.92	272.20	
	2.30%	350.05	332.93	319.77	307.51	296.08	285.38	275.36	
	2.50%	356.12	338.28	324.61	311.91	300.07	289.02	278.68	
	2.70%	362.57	343.97	329.75	316.56	304.29	292.86	282.18	
	2.90%	369.46	350.03	335.20	321.48	308.75	296.91	285.86	
	3.10%	376.82	356.48	341.00	326.71	313.47	301.18	289.74	

Reality Labs Growth Rate vs Risk-Free Rate

Reality Labs Growth Rate is an important metric to investigate because Meta is investing large amounts of capital into the project and the future success of the company partially lies on the success of the Reality Labs segment. The Risk-Free Rate has recently experienced large amounts of volatility and we believed creating a sensitivity table to look at future places where it could lie is important for our analysis. When we raise Reality Labs Growth Rate to 130% from 100%, our implied stock price increases to \$366.92. The implied stock price decreases

when the Risk-Free Rate increases to 3.47% from 2.862% bringing the valuation down to \$257.61.

		Reality Labs Growth Rate							
		311.91	70%	80%	90%	100%	110%	120%	130%
Risk-Free Rate	2.27%	310.39	319.17	330.08	343.58	360.16	380.41	405.02	
	2.47%	300.28	308.74	319.26	332.25	348.22	367.71	391.40	
	2.67%	290.75	298.91	309.06	321.58	336.97	355.75	378.56	
	2.86%	282.11	290.00	299.80	311.91	326.77	344.90	366.92	
	3.07%	273.27	280.88	290.33	302.01	316.33	333.80	355.01	
	3.27%	265.23	272.59	281.73	293.00	306.84	323.71	344.18	
	3.47%	257.61	264.73	273.57	284.47	297.84	314.15	333.93	

Asia-Pacific User Growth 2022 vs Asia-Pacific ARPU Growth 2022

Asia-Pacific User Growth for 2022 and Asia-Pacific ARPU Growth for 2022 are important measurements to consider when it comes to the revenue growth of Meta because of how much the company has been investing in expanding into the developing world. A higher percentage growth in both significantly increases Meta's valuation. When we raise Asia-Pacific User Growth to 13% from 10%, our implied stock price increases to \$333.82. The implied stock price also increases with Growth in Asia-Pacific ARPU Growth where an increase to 21% from 15% brings the valuation up to \$354.24.

		Asia-Pacific User Growth 2022							
		311.91	7%	8%	9%	10%	11%	12%	13%
Asia-Pacific ARPU Grc	9%	266.46	270.74	275.24	279.99	284.98	290.24	295.78	
	11%	274.53	279.30	284.33	289.63	295.21	301.08	307.26	
	13%	283.41	288.73	294.34	300.24	306.46	313.01	319.91	
	15%	293.17	299.09	305.33	311.91	318.84	326.14	333.82	
	17%	303.88	310.47	317.41	324.73	332.44	340.56	349.12	
	19%	315.64	322.96	330.67	338.80	347.37	356.40	365.91	
	21%	328.53	336.65	345.21	354.24	363.76	373.78	384.34	

Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

- ⁱ "Meta 10-K." *Document*, <https://www.sec.gov/ix?doc=%2FArchives%2Fedar%2Fdata%2F1326801%2F00013268012200018%2Ffb-20211231.htm>.
- ⁱⁱ *FactSet*, <https://my.apps.factset.com/navigator/company-security/snapshot/FB-US>.
- ⁱⁱⁱ Contributor. "Facebook Buys Instagram for \$1 Billion, Turns Budding Rival into Its Standalone Photo App." *TechCrunch*, TechCrunch, 10 Apr. 2012, <https://techcrunch.com/2012/04/09/facebook-to-acquire-instagram-for-1-billion/>.
- ^{iv} Olson, Parmy. "Facebook Closes \$19 Billion Whatsapp Deal." *Forbes*, Forbes Magazine, 6 Oct. 2014, <https://www.forbes.com/sites/parmyolson/2014/10/06/facebook-closes-19-billion-whatsapp-deal/?sh=7c48b4fc5c66>.
- ^v "Meta Acquires Oculus - 2014-03-25 - Crunchbase Acquisition Profile." *Crunchbase*, <https://www.crunchbase.com/acquisition/facebook-acquires-oculus-vr--30357598>.
- ^{vi} "World Map of Social Networks." *Vincos*, 16 Apr. 2022, <https://vincos.it/world-map-of-social-networks/>.
- ^{vii} Zyro. "Which Websites Does the World Spend the Most Time on?" *Zyro*, <https://zyro.com/websites-time>.
- ^{viii} Gao, Michelle. "Facebook Makes More Money per User than Rivals, but It's Running out of Growth Options." *CNBC*, CNBC, 3 Nov. 2020, <https://www.cnbc.com/2020/11/03/facebooks-average-revenue-per-user-leads-social-media-companies.html>.
- ^{ix} "Facebook Acquisitions – The Complete List (2022)! [Infographic]." *https://www.techwyse.com/Blog-New/*, <https://www.techwyse.com/blog/infographics/facebook-acquisitions-infographic/>.
- ^x "Report That Sales of 'Oculus' Exceeded Xbox." *GIGAZINE*, https://gigazine.net/gsc_news/en/20211227-meta-oculus-vr/.
- ^{xi} "Building the Metaverse Responsibly." *Meta*, 15 Nov. 2021, <https://about.fb.com/news/2021/09/building-the-metaverse-responsibly/>.
- ^{xii} "Americans Are Not into Facebook's New Name - and Don't Want to Enter the Metaverse, Either." *Morning Consult*, 8 Feb. 2022, <https://morningconsult.com/2021/11/02/meta-facebook-brand/>.
- ^{xiii} "81% Of Americans Say Life Won't Return to Normal Anytime Soon, Quinnipiac University National Poll Finds; 7 in 10 Say Facebook and Twitter Do More Harm than Good: Quinnipiac University Poll." *10/20/21 - 81% Of Americans Say Life Won't Return To Normal Anytime Soon, Quinnipiac University National Poll Finds; 7 In 10 Say Facebook And Twitter Do More Harm Than Good | Quinnipiac University Poll*, <https://poll.qu.edu/poll-release?releaseid=3826>.
- ^{xiv} Gramlich, John. "10 Facts about Americans and Facebook." *Pew Research Center*, Pew Research Center, 2 June 2021, <https://www.pewresearch.org/fact-tank/2021/06/01/facts-about-americans-and-facebook/>.
- ^{xv} "Virtual Reality Market Size & Share Report, 2022-2030." *Virtual Reality Market Size & Share Report, 2022-2030*, <https://www.grandviewresearch.com/industry-analysis/virtual-reality-vr-market>.
- ^{xvi} Viar. "The State of the VR Headset Market at the End of 2021." *Viar360*, 28 Dec. 2021, <https://www.viar360.com/the-state-of-the-vr-headset-market-at-the-end-of-2021/>.
- ^{xvii} *Artificial Intelligence Market Size Report, 2022-2030*, <https://www.grandviewresearch.com/industry-analysis/artificial-intelligence-ai-market>.
- ^{xviii} Moss, Sebastian. "Facebook Plans Huge \$29-34 Billion Capex Spending Spree in 2022, Will Invest in AI, Servers, and Data Centers." *All Content RSS*, 28 Feb. 2022, <https://www.datacenterdynamics.com/en/news/facebook-plans-huge-29-34-billion-capex-spending-spree-in-2022-will-invest-in-ai-servers-and-data-centers/>.
- ^{xix} Gartenberg, Chaim. "Why Apple's New Privacy Feature Is Such a Big Deal." *The Verge*, The Verge, 27 Apr. 2021, <https://www.theverge.com/2021/4/27/22405474/apple-app-tracking-transparency-ios-14-5-privacy-update-facebook-data>.
- ^{xx} Espósito, Filipe. "Number of Users Opting in to App Tracking on iOS Grows Significantly since Last Year." *9to5Mac*, 14 Apr. 2022, <https://9to5mac.com/2022/04/14/number-of-users-opting-in-to-app-tracking-on-ios-grows-significantly-since-last-year/>.
- ^{xxi} Gariffo, Michael. "Google Reveals Plans for Targeted Ad, Privacy Policy Changes Coming to Android." *ZDNet*, ZDNet, 16 Feb. 2022, <https://www.zdnet.com/article/google-reveals-plans-for-targeted-ad-privacy-policy-changes-coming-to-android/>.

^{xxii} Jasonsays: and Brian Deansays: "How Many People Use Facebook in 2022?" *Backlinko*, 5 Jan. 2022, <https://backlinko.com/facebook-users>.

^{xxiii} "Tiktok Saw the Most Quarterly Consumer Spend of Any App or Game at over \$840 Million in Q1 2022: Data.ai Blog." *Data.ai*, <https://www.data.ai/en/insights/market-data/tiktok-app-milestone-840-million-spend/>.

^{xxiv} "Yahoo Finance - Stock Market Live, Quotes, Business & Finance News." *Yahoo! Finance*, Yahoo!, <https://finance.yahoo.com/>.

^{xxv} Zino, Angelo, and Siti Salbiah. *Net Advantage, 2021, Industry Surveys Interactive Media and Services*, <https://www-capitaliq-com.proxy.lib.uiowa.edu/CIQDotNet/Research/DocumentViewer.aspx?documentViewerDocumentId=50139110>.

^{xxvi} "Alphabet 10-K." *Document*, <https://www.sec.gov/ix?doc=%2FArchives%2Fedar%2Fdata%2F1652044%2F000165204422000019%2Fgoog-20211231.htm>.

^{xxvii} Published by Statista Research Department, and Jan 28. "Facebook Active Advertisers 2020." *Statista*, 28 Jan. 2022, <https://www.statista.com/statistics/778191/active-facebook-advertisers/>.

^{xxviii} "What Sanctions Are Being Imposed on Russia over Ukraine Invasion?" *BBC News*, BBC, 11 Apr. 2022, <https://www.bbc.com/news/world-europe-60125659>.

^{xxix} "Russia Bans Facebook and Instagram under 'Extremism' Law." *The Guardian*, Guardian News and Media, 21 Mar. 2022, <https://www.theguardian.com/world/2022/mar/21/russia-bans-facebook-and-instagram-under-extremism-law>.

^{xxx} JeffCoxCNBCcom. "Supplier Prices Rose 11.2% from a Year Ago in March, the Biggest Gain on Record." *CNBC*, CNBC, 13 Apr. 2022, <https://www.cnbc.com/2022/04/13/producer-price-index-march-2022-.html>.

^{xxxi} Benady, David. "Inflation Forces Brands to Rethink Their Advertising Spending." *Raconteur*, 18 Mar. 2022, <https://www.raconteur.net/marketing/inflation-brands-rethink-ad-spending/>.

^{xxxii} *Text - H.R. 3826 - 117th Congress (2021-2022): Platform ...* <https://www.congress.gov/bill/117th-congress/house-bill/3826/text>.

^{xxxiii} Browne, Ryan. "EU and U.S. Agree to New Data-Sharing Pact, Offering Some Respite for Big Tech." *CNBC*, CNBC, 25 Mar. 2022, <https://www.cnbc.com/2022/03/25/eu-and-us-agree-new-data-transfer-pact-to-replace-privacy-shield.html>.

^{xxxiv} "Check out US Treasury-Current 10 Year's Stock Price (US10Y) in Real Time." *CNBC*, CNBC, <https://www.cnbc.com/quotes/US10Y>.

Meta Platforms, Inc.
Revenue Decomposition

Fiscal Years Ending Dec. 31	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Geographic Breakdown Advertising													
US & Canada	33,493	40,576	53,419	56,472	66,015	73,815	82,536	92,287	101,315	109,166	115,406	120,829	125,279
	26.44%	21.15%	31.65%										
ARPU	136.43	158.81	205.26	213.47	245.49	270.04	297.04	326.75	352.89	374.06	389.02	400.70	408.71
	24.38%	16.41%	29.25%										
Europe	16,780	20,455	28,573	31,785	37,649	42,656	48,329	54,757	60,321	65,219	69,184	72,685	75,621
	23.45%	21.90%	39.69%										
ARPU	43.30	49.65	67.51	72.91	83.85	92.23	101.45	111.60	120.53	127.76	132.87	136.85	139.59
	20.19%	14.65%	35.97%										
Asia-Pacific	12,540	15,453	21,468	27,157	34,354	40,812	48,485	57,600	67,162	78,310	85,515	93,382	101,973
	31.65%	23.23%	38.92%										
ARPU	12.43	13.44	17.00	19.55	22.48	24.73	27.21	29.93	32.92	36.21	38.02	39.92	41.92
	18.47%	8.09%	26.52%										
Rest of World	6,842	7,685	11,474	14,277	17,765	21,144	25,165	29,952	34,594	39,957	44,052	48,568	53,546
	26.56%	12.32%	49.30%										
ARPU	8.64	8.61	12.13	13.94	16.04	17.64	19.40	21.34	23.48	25.83	27.12	28.47	29.90
	16.38%	-0.30%	40.82%										
			-										
By Products													
FOA Advertising	69,655	84,169	114,934	129,691	155,782	178,427	204,515	234,596	263,391	292,651	314,157	335,464	356,419
	26.62%	20.84%	36.55%	12.84%	20.12%	14.54%	14.62%	14.71%	12.27%	11.11%	7.35%	6.78%	6.25%
FOA Payments & Other Fees	1,042	657	721	757	795	835	876	920	966	1,015	1,065	1,119	1,174
	26.15%	-36.95%	9.74%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reality Labs	501	1,139	2,274	4,548	9,096	13,644	20,466	25,583	31,978	35,975	40,472	45,531	51,223
	-	127.35%	99.65%	100.00%	100.00%	50.00%	50.00%	25.00%	25.00%	12.50%	12.50%	12.50%	12.50%
Total Revenue	70,697	85,965	117,929	134,996	165,673	192,905	225,858	261,099	296,336	329,641	355,694	382,113	408,817
	26.61%	21.60%	37.18%	14.47%	22.72%	16.44%	17.08%	15.60%	13.50%	11.24%	7.90%	7.43%	6.99%

Meta Platforms, Inc.
Income Statement

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	40,653	55,838	70,697	85,965	117,929	134,996	165,673	192,905	225,858	261,099	296,336	329,641	355,694	382,113	408,817
Cost of revenue	2,429	5,040	7,029	9,830	14,682	16,807	20,626	24,017	28,119	32,507	36,894	41,040	44,284	47,573	50,898
Depreciation	2,330	3,680	5,180	6,390	7,560	12,208	16,075	20,328	25,007	30,154	35,815	42,043	48,893	56,429	64,718
Amortization	695	635	561	472	407	164	103	61	18	13	9	-	-	-	-
Research & development	7,754	10,273	13,600	18,447	24,655	29,699	41,418	38,224	44,753	51,736	58,718	65,318	70,480	75,715	81,006
Marketing & sales	4,725	7,846	9,876	11,591	14,043	17,559	21,549	25,091	29,377	33,961	38,544	42,876	46,265	49,701	53,175
General & administrative	2,517	3,451	10,465	6,564	9,829	11,649	14,296	16,646	19,489	22,530	25,571	28,445	30,693	32,972	35,277
Total cost & expenses from operations	20,450	30,925	46,711	53,294	71,176	88,086	114,067	124,366	146,764	170,901	195,551	219,722	240,615	262,391	285,073
Income from operations	20,203	24,913	23,986	32,671	46,753	46,911	51,606	68,539	79,094	90,198	100,784	109,919	115,079	119,723	123,744
Interest & other income (expense), net	391	448	826	509	531	822	704	828	1,211	1,708	2,357	3,152	4,079	5,088	6,185
Income before provision for income taxes	20,594	25,361	24,812	33,180	47,284	47,732	52,310	69,367	80,305	91,906	103,141	113,071	119,158	124,811	129,929
Provision for income taxes	4,660	3,249	6,327	4,034	7,914	10,931	11,979	15,885	18,390	21,046	23,619	25,893	27,287	28,582	29,754
Net income	15,934	22,112	18,485	29,146	39,370	36,802	40,331	53,482	61,915	70,859	79,522	87,178	91,871	96,229	100,175
Less: net income attributable to participating securities	14	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income attributable to class A & B common stockholders	15,920	22,111	18,485	29,146	39,370	36,802	40,331	53,482	61,915	70,859	79,522	87,178	91,871	96,229	100,175
Weighted average class A shares outstanding - basic	2,373	2,406	2,404	2,407	2,383										
Weighted average class B shares outstanding - basic	528	484	450	444	432										
Weighted average class A & B shares outstanding - basic	2,901	2,890	2,854	2,851	2,815	2,717	2,672	2,631	2,593	2,559	2,528	2,499	2,473	2,450	2,428
Year end shares outstanding	2,906	2,854	2,852	2,849	2,741	2,694	2,650	2,611	2,575	2,543	2,513	2,486	2,461	2,439	2,418
Net earnings per class A & B share - basic	5.49	7.65	6.48	10.22	13.99	13.54	15.09	20.33	23.88	27.69	31.46	34.88	37.14	39.28	41.25

Meta Platforms, Inc.
Balance Sheet

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Assets															
Cash & cash equivalents	8,079	10,019	19,079	17,576	16,601	8,197	15,871	40,802	73,351	115,990	168,399	229,543	296,208	368,705	446,761
Marketable securities	33,632	31,095	35,776	44,378	31,397	31,868	32,346	32,831	33,324	33,823	34,331	34,846	35,368	35,899	36,438
Accounts receivable, net	5,832	7,587	9,518	11,335	14,039	17,951	22,030	25,651	30,033	34,719	39,405	43,833	47,298	50,811	54,362
Prepaid expenses & other current a:	1,020	1,779	1,852	2,381	4,629	4,052	4,973	5,791	6,780	7,838	8,896	9,896	10,678	11,471	12,272
Total current assets	48,563	50,480	66,225	75,670	66,666	62,068	75,220	105,075	143,487	192,371	251,031	318,118	389,552	466,886	549,833
Property & equipment, gross	18,337	31,573	45,986	61,051	77,889	109,389	144,039	182,154	224,081	270,200	320,931	376,735	438,119	505,643	579,918
Less accumulated depreciation	4,616	6,890	10,663	15,418	20,080	32,288	48,362	68,690	93,697	123,851	159,666	201,709	250,603	307,032	371,749
Property & equipment, net	13,721	24,683	35,323	45,633	57,809	77,101	95,677	113,464	130,383	146,349	161,264	175,026	187,517	198,611	208,168
Equity investments	-	-	-	6,234	6,775	6,877	6,980	7,084	7,191	7,299	7,408	7,519	7,632	7,746	7,863
Operating lease right-of-use assets	-	-	9,460	9,348	12,155	16,211	20,117	23,857	27,415	30,771	33,908	36,801	39,428	41,760	43,770
Intangible assets, net	1,884	1,294	894	623	634	470	367	306	288	275	266	266	266	266	266
Goodwill	18,221	18,301	18,715	19,050	19,197	19,197	19,197	19,197	19,197	19,197	19,197	19,197	19,197	19,197	19,197
Other assets	2,135	2,576	2,759	2,758	2,751	5,213	6,398	7,450	8,722	10,083	11,444	12,730	13,736	14,756	15,787
Total assets	84,524	97,334	133,376	159,316	165,987	187,138	223,956	276,433	336,683	406,344	484,518	569,657	657,327	749,223	844,884
Liabilities															
Accounts payable	380	820	1,363	1,331	4,083	2,522	3,095	3,604	4,220	4,878	5,537	6,159	6,646	7,139	7,638
Partners payable	390	541	886	1,093	1,052	1,443	1,771	2,062	2,414	2,791	3,168	3,524	3,802	4,085	4,370
Operating lease liabilities, current	-	-	800	1,023	1,127	-	-	-	-	-	-	-	-	-	-
Legal-related accruals	-	-	5,550	1,622	3,254	3,136	3,849	4,481	5,247	6,065	6,884	7,658	8,263	8,877	9,497
Accrued compensation & benefits	776	1,203	1,704	2,609	3,152	3,595	4,648	4,937	5,780	6,682	7,584	8,436	9,103	9,779	10,462
Overdraft in cash pooling entities	-	500	277	-	-	-	-	-	-	-	-	-	-	-	-
Accrued taxes payable	230	491	624	2,038	1,256	2,105	2,307	3,060	3,542	4,054	4,549	4,987	5,256	5,505	5,731
Other current liabilities	1,201	1,784	2,498	3,469	5,258	4,908	6,023	7,013	8,211	9,492	10,773	11,984	12,931	13,891	14,862
Deferred revenue and deposits	98	147	269	382	561	487	598	696	815	943	1,070	1,190	1,284	1,379	1,476
Total current liabilities	3,075	5,486	13,971	13,567	19,743	18,196	22,291	25,853	30,229	34,905	39,564	43,937	47,284	50,655	54,036
Operating lease liabilities, non-curre	-	-	9,524	9,631	12,746	-	-	-	-	-	-	-	-	-	-
Accrued property & equipment	685	1,531	1,082	1,414	1,392	3,048	3,782	4,485	5,154	5,785	6,375	6,919	7,412	7,851	8,229
Income tax payable	5,372	4,655	5,651	5,025	5,938	11,968	13,116	17,393	20,136	23,044	25,862	28,351	29,878	31,295	32,578
Deferred tax liabilities	-	673	1,039	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,045	862	1,055	1,389	1,289	2,245	2,755	3,208	3,756	4,342	4,928	5,482	5,915	6,355	6,799
Total liabilities	10,177	13,207	32,322	31,026	41,108	35,457	41,944	50,939	59,275	68,076	76,728	84,689	90,489	96,156	101,642
Stockholder's Equity															
Common equity	40,584	42,906	45,851	50,018	55,811	55,811	55,811	55,811	55,811	55,811	55,811	55,811	55,811	55,811	55,811
Accumulated other comprehensive	(227)	(760)	(489)	927	(693)	(693)	(693)	(693)	(693)	(693)	(693)	(693)	(693)	(693)	(693)
Retained earnings	33,990	41,981	55,692	77,345	69,761	96,563	126,894	170,376	222,290	283,150	352,672	429,850	511,720	597,949	688,124
Total stockholders' equity	74,347	84,127	101,054	128,290	124,879	151,681	182,012	225,494	277,408	338,268	407,790	484,968	566,838	653,067	743,242

Meta Platforms, Inc.
Historical Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2017	2018	2019	2020	2021
Net income	15934	22112	18485	29146	39370
Depreciation & amortization	3025	4315	5741	6862	7967
Share-based compensation	3723	4152	4836	6536	9164
Deferred income taxes	-377	286	-37	-1192	609
Other adjustments	24	-64	39	118	-127
Accounts receivable	-1609	-1892	-1961	-1512	-3110
Prepaid expenses & other current assets	-192	-690	47	135	-1750
Other assets	154	-159	41	-34	-349
Accounts payable	43	221	113	-17	1436
Partners payable	95	157	348	178	-12
Accrued expenses & other current liabilities	309	1417	7300	-1054	3357
Deferred revenue & deposits	4	53	123	108	187
Other liabilities	3083	-634	1239	-527	941
Net cash flows from operating activities	24216	29274	36314	38747	57683
Purchases of property & equipment	-6733	-13915	-15102	-15115	-18567
Purchases of marketable securities	-25682	-14656	-23910	-33930	-30407
Sales of marketable securities	9444	12358	9565	11787	31671
Maturities of marketable securities	2988	4772	10152	13984	10915
Purchases of equity investments	-	-	-	-6361	-47
Acquisitions of business, net of cash acquired & purchases of intangible assets	-122	-137	-508	-388	-851
Other investing activities	67	-25	-61	-36	-284
Net cash flows from investing activities	-20038	-11603	-19864	-30059	-7570
Taxes paid related to net share settlement of equity awards	-3246	-3208	-2337	-3564	-5515
Repurchases of class A common stock	-1976	-12879	-4202	-6272	-44537
Principal payments on finance leases	-	-	-552	-604	-677
Net change in overdraft in cash pooling entities	-	500	-223	24	14
Other financing activities	-13	15	15	124	-13
Net cash flows from financing activities	-5235	-15572	-7299	-10292	-50728
Effect of exchange rate changes on cash, cash equivalents, & restricted cash	233	-179	4	279	-474
Net increase (decrease) in cash, cash equivalents, & restricted cash	-824	1920	9155	-1325	-1089
Cash paid for income taxes, net	2117	3762	5182	4229	8525

Meta Platforms, Inc.
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
CFO										
Net Income	36802	40331	53482	61915	70859	79522	87178	91871	96229	100175
Depreciation and Amortization	12372	16178	20389	25025	30167	35824	42043	48893	56429	64718
Accounts Receivable	-3912	-4079	-3621	-4382	-4686	-4686	-4429	-3464	-3513	-3551
Operating Lease right of use assets	-4056	-3906	-3740	-3558	-3357	-3136	-2893	-2626	-2333	-2010
Prepaid Expenses & Other Current	577	-921	-817	-989	-1058	-1058	-1000	-782	-793	-802
Accounts Payable	-1561	573	509	616	658	658	622	487	494	499
Partner's Payable	391	328	291	352	377	377	356	279	282	285
Operating Leases Current	-1127	0	0	0	0	0	0	0	0	0
Legal Fees	-118	713	633	766	819	819	774	605	614	620
Compensation and Benefits	443	1053	289	843	902	902	852	667	676	683
Accrued taxes payable	849	202	752	482	512	496	438	268	249	226
Other current liabilities	-350	1115	990	1198	1281	1281	1211	947	960	971
Operating lease liabilities, non-current	-12746	0	0	0	0	0	0	0	0	0
Income Taxes Payable	6030	1148	4277	2743	2909	2817	2490	1526	1417	1283
Deferred revenue and deposits	-74	111	98	119	127	127	120	94	95	96
Other Liabilities	956	510	453	548	586	586	554	433	439	444
Cash provided by operating activities	34475	53355	73984	85678	100096	114529	128316	139197	151247	163639
CFI										
CapEx	-31500	-34650	-38115	-41927	-46119	-50731	-55804	-61385	-67523	-74275
Marketable Securities	-471	-478	-485	-492	-500	-507	-515	-523	-531	-538
Equity Investments	-102	-103	-105	-106	-108	-109	-111	-113	-114	-116
Intangible assets	0	0	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0	0	0
Other assets	-2462	-1185	-1052	-1273	-1361	-1361	-1286	-1006	-1020	-1031
Accrued property & equipment	1656	734	703	669	631	590	544	494	439	378
Cash provided by investing activities	-32879	-35682	-39053	-43129	-47457	-52119	-57172	-62532	-68750	-75583
CFF										
Common equity	0	0	0	0	0	0	0	0	0	0
Share Repurchases	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000
Cash provided by financing activities	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000
Net change in cash	-8404	7674	24931	32549	42639	52410	61144	66665	72497	78056

Meta Platforms, Inc.
Common Size Income Statement

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of revenue	5.97%	9.03%	9.94%	11.43%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%	12.45%
Depreciation	5.73%	6.59%	7.33%	7.43%	6.41%	9.04%	9.70%	10.54%	11.07%	11.55%	12.09%	12.75%	13.75%	14.77%	15.83%
Amortization	1.71%	1.14%	0.79%	0.55%	0.35%	0.12%	0.06%	0.03%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Research & development	19.07%	18.40%	19.24%	21.46%	20.91%	22.00%	25.00%	19.81%	19.81%	19.81%	19.81%	19.81%	19.81%	19.81%	19.81%
Marketing & sales	11.62%	14.05%	13.97%	13.48%	11.91%	13.01%	13.01%	13.01%	13.01%	13.01%	13.01%	13.01%	13.01%	13.01%	13.01%
General & administrative	6.19%	6.18%	14.80%	7.64%	8.33%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%
Total cost & expenses	50.30%	55.38%	66.07%	61.99%	60.35%	65.25%	68.85%	64.47%	64.98%	65.45%	65.99%	66.65%	67.65%	68.67%	69.73%
Income from operations	49.70%	44.62%	33.93%	38.01%	39.65%	34.75%	31.15%	35.53%	35.02%	34.55%	34.01%	33.35%	32.35%	31.33%	30.27%
Interest & other income (expense), net	0.96%	0.80%	1.17%	0.59%	0.45%	0.61%	0.43%	0.43%	0.54%	0.65%	0.80%	0.96%	1.15%	1.33%	1.51%
Income before provision for income taxes	50.66%	45.42%	35.10%	38.60%	40.10%	35.36%	31.57%	35.96%	35.56%	35.20%	34.81%	34.30%	33.50%	32.66%	31.78%
Provision for income taxes	11.46%	5.82%	8.95%	4.69%	6.71%	8.10%	7.23%	8.23%	8.14%	8.06%	7.97%	7.86%	7.67%	7.48%	7.28%
Net income	39.20%	39.60%	26.15%	33.90%	33.38%	27.26%	24.34%	27.72%	27.41%	27.14%	26.83%	26.45%	25.83%	25.18%	24.50%

Meta Platforms, Inc.
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Assets															
Cash & cash equivalents	19.87%	17.94%	26.99%	20.45%	14.08%	6.07%	9.58%	21.15%	32.48%	44.42%	56.83%	69.63%	83.28%	96.49%	109.28%
Marketable securities	82.73%	55.69%	50.60%	51.62%	26.62%	23.61%	19.52%	17.02%	14.75%	12.95%	11.59%	10.57%	9.94%	9.39%	8.91%
Accounts receivable, net	14.35%	13.59%	13.46%	13.19%	11.90%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%
Prepaid expenses & other current assets	2.51%	3.19%	2.62%	2.77%	3.93%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Total current assets	119.46%	90.40%	93.67%	88.02%	56.53%	45.98%	45.40%	54.47%	63.53%	73.68%	84.71%	96.50%	109.52%	122.19%	134.49%
Property & equipment, gross	45.11%	56.54%	65.05%	71.02%	66.05%	81.03%	86.94%	94.43%	99.21%	103.49%	108.30%	114.29%	123.17%	132.33%	141.85%
Less accumulated depreciation	11.35%	12.34%	15.08%	17.94%	17.03%	23.92%	29.19%	35.61%	41.49%	47.43%	53.88%	61.19%	70.45%	80.35%	90.93%
Property & equipment, net	33.75%	44.20%	49.96%	53.08%	49.02%	57.11%	57.75%	58.82%	57.73%	56.05%	54.42%	53.10%	52.72%	51.98%	50.92%
Equity investments	0.00%	0.00%	0.00%	7.25%	5.74%	5.09%	4.21%	3.67%	3.18%	2.80%	2.50%	2.28%	2.15%	2.03%	1.92%
Operating lease right-of-use assets	0.00%	0.00%	13.38%	10.87%	10.31%	12.01%	12.14%	12.37%	12.14%	11.79%	11.44%	11.16%	11.08%	10.93%	10.71%
Intangible assets, net	4.63%	2.32%	1.26%	0.72%	0.54%	0.35%	0.22%	0.16%	0.13%	0.11%	0.09%	0.08%	0.07%	0.07%	0.07%
Goodwill	44.82%	32.78%	26.47%	22.16%	16.28%	14.22%	11.59%	9.95%	8.50%	7.35%	6.48%	5.82%	5.40%	5.02%	4.70%
Other assets	5.25%	4.61%	3.90%	3.21%	2.33%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%
Total assets	207.92%	174.31%	188.66%	185.33%	140.75%	138.62%	135.18%	143.30%	149.07%	155.63%	163.50%	172.81%	184.80%	196.07%	206.67%
Liabilities															
Accounts payable	0.93%	1.47%	1.93%	1.55%	3.46%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
Partners payable	0.96%	0.97%	1.25%	1.27%	0.89%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%
Operating lease liabilities, current	0.00%	0.00%	1.13%	1.19%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal-related accruals	0.00%	0.00%	7.85%	1.89%	2.76%	2.32%	2.32%	2.32%	2.32%	2.32%	2.32%	2.32%	2.32%	2.32%	2.32%
Accrued compensation & benefits	1.91%	2.15%	2.41%	3.03%	2.67%	2.66%	2.81%	2.56%	2.56%	2.56%	2.56%	2.56%	2.56%	2.56%	2.56%
Overdraft in cash pooling entities	0.00%	0.90%	0.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accrued taxes payable	0.57%	0.88%	0.88%	2.37%	1.07%	1.56%	1.39%	1.59%	1.57%	1.55%	1.54%	1.51%	1.48%	1.44%	1.40%
Other current liabilities	2.95%	3.19%	3.53%	4.04%	4.46%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%
Deferred revenue and deposits	0.24%	0.26%	0.38%	0.44%	0.48%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Total current liabilities	7.56%	9.82%	19.76%	15.78%	16.74%	13.48%	13.45%	13.40%	13.38%	13.37%	13.35%	13.33%	13.29%	13.26%	13.22%
Operating lease liabilities, non-current	0.00%	0.00%	13.47%	11.20%	10.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accrued property & equipment	1.68%	2.74%	1.53%	1.64%	1.18%	2.26%	2.28%	2.33%	2.28%	2.22%	2.15%	2.10%	2.08%	2.05%	2.01%
Income tax payable	13.21%	8.34%	7.99%	5.85%	5.04%	8.87%	7.92%	9.02%	8.92%	8.83%	8.73%	8.60%	8.40%	8.19%	7.97%
Deferred tax liabilities	0.00%	1.21%	1.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other liabilities	2.57%	1.54%	1.49%	1.62%	1.09%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%
Total liabilities	25.03%	23.65%	45.72%	36.09%	34.86%	26.27%	25.32%	26.41%	26.24%	26.07%	25.89%	25.69%	25.44%	25.16%	24.86%
Stockholder's Equity															
Additional paid-in capital	99.83%	76.84%	64.86%	58.18%	47.33%	41.34%	33.69%	28.93%	24.71%	21.38%	18.83%	16.93%	15.69%	14.61%	13.65%
Accumulated other comprehensive income (loss)	-0.56%	-1.36%	-0.69%	1.08%	-0.59%	-0.51%	-0.42%	-0.36%	-0.31%	-0.27%	-0.23%	-0.21%	-0.19%	-0.18%	-0.17%
Retained earnings	83.61%	75.18%	78.78%	89.97%	59.16%	71.53%	76.59%	88.32%	98.42%	108.45%	119.01%	130.40%	143.87%	156.48%	168.32%
Total stockholders' equity	182.88%	150.66%	142.94%	149.24%	105.89%	112.36%	109.86%	116.89%	122.82%	129.56%	137.61%	147.12%	159.36%	170.91%	181.80%

Meta Platforms, Inc.

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		ASSUMPTIONS:
Risk-Free Rate	2.86%	2.86%
Beta	1.39	5-year monthly
Equity Risk Premium	5.00%	Damodaran Trailing 12 Month
Cost of Equity	9.81%	
Cost of Debt:		
Risk-Free Rate	2.86%	10-Year Treasury Rate
Implied Default Premium	1.30%	
Pre-Tax Cost of Debt	4.16%	YTM on Comps Corporate Bonds
Marginal Tax Rate	23%	
After-Tax Cost of Debt	3.21%	

Market Value of Common Equity:		MV Weights
Total Shares Outstanding	2815	
Current Stock Price	\$210.77	
MV of Equity	593,317.6	97.72%
Market Value of Debt:		
Short-Term Debt		
Current Portion of LTD		
Long-Term Debt		
PV of Operating Leases	13873	
MV of Total Debt	13,873.0	2.28%
Market Value of the Firm	607,190.6	100.00%
Estimated WACC		9.66%

Meta Platforms, Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	34.70%
WACC	9.66%
Cost of Equity	9.81%

Fiscal Years Ending Dec. 31	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
-----------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

DCF Model:

Free Cash Flow (FCF)	14060.7	13930.9	31967.2	38649.3	48264.3	57803.0	66491.6	72720.4	77926.3	
Continuing Value (CV)										1278035.7
PV of FCF	12822.0	11584.4	24240.8	26725.8	30434.3	33238.0	34865.7	34772.5	33979.0	557275.1

Value of Operating Assets:	799937.6
Non-Operating Adjustments	
Excess Cash	14242.4
Marketable Securities	31397.0
Equity Investments	6775.0
Operating Lease Liabilities	-13873.0
Legal-related accruals	-3254.0

Value of Equity	835225.0
Shares Outstanding	2741.0
Intrinsic Value of Last FYE	\$ 304.72
Implied Price as of Today	\$ 311.91

EP Model:

Economic Profit (EP)	28928.4	30635.0	41372.4	47631.9	54132.3	60293.2	65426.1	67611.1	69573.4	
Continuing Value (CV)										993848.9
PV of EP	26379.8	25474.9	31372.8	32937.2	34134.5	34669.9	34307.0	32329.4	30336.8	433358.2

Total PV of EP	715300.6
Invested Capital (last FYE)	84637.0
Value of Operating Assets:	799937.6
Non-Operating Adjustments	
Excess Cash	14242.4
Marketable Securities	31397.0
Equity Investments	6775.0
Operating Lease Liabilities	-13873.0
Legal-related accruals	-3254.0

Value of Equity	835225.0
Shares Outstanding	2741.0
Intrinsic Value of Last FYE	\$ 304.72
Implied Price as of Today	\$ 311.91

Meta Platforms, Inc.
Relative Valuation Models

Ticker	Company	Price	EPS 2022E	EPS 2023E	P/E 22	P/E 23	Est. 5yr EPS gr.	PEG 22	PEG 23	BV Equity	Tangible BV Equity	Sales 2022E	Sales 2023E	P/S 22	P/S 23
GOOGL	Alphabet	\$2,553.53	\$117.03	\$137.25	21.82	18.60	20.0	1.09	0.93	380.04	343.23	\$457.89	\$529.18	5.58	4.83
SNAP	Snap	\$32.64	(\$0.28)	\$0.15	(116.57)	217.60	62.7	(1.86)	3.47	2.34	1.19	\$3.48	\$4.95	9.37	6.59
TWTR	Twitter	\$48.45	\$0.82	\$1.11	59.09	43.65	80.0	0.74	0.55	9.14	7.43	\$7.47	\$9.13	6.48	5.31
AAPL	Apple	\$165.07	\$6.15	\$6.57	26.84	25.12	14.9	1.81	1.69	4.40	4.40	\$24.23	\$25.67	6.81	6.43
AMZN	Amazon	\$3,055.70	\$48.15	\$72.60	63.46	42.09	34.8	1.82	1.21	271.60	231.37	\$1,063.73	\$1,247.69	2.87	2.45
TCEHY	Tencent Holdings	\$46.38	\$2.23	\$2.60	20.80	17.85	18.3	1.14	0.97	13.98	11.03	\$10.16	\$11.65	4.57	3.98
MSFT	Microsoft	\$280.52	\$9.35	\$10.75	30.00	26.09	17.4	1.72	1.50	21.33	13.55	\$26.51	\$30.27	10.58	9.27
PINS	Pinterest	\$21.83	\$0.99	\$1.31	22.05	16.66	12.8	1.72	1.30	4.63	4.53	\$4.72	\$5.91	4.62	3.69
Average					34.87	27.15		1.43	1.16					5.93	5.14
FB	Meta Platforms, Inc.	\$210.77	\$13.54	\$15.09	15.6	14.0	14.6	1.1	1.0	44.36	38.32	\$47.96	\$58.85	4.4	3.6

Implied Relative Value:

P/E (EPS22)	\$ 472.20
P/E (EPS23)	\$ 409.86
PEG (EPS22)	\$ 284.34
PEG (EPS23)	\$ 257.26
P/B	\$ 531.90
P/Tangible BV	\$ 583.61
P/S (S22)	\$ 284.43
P/S (S23)	\$ 302.31

Meta Platforms, Inc.
Key Management Ratios

Fiscal Years Ending Dec. 31		2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
<i>Liquidity Ratios:</i>																
Current Ratio	CA/CL	15.79	9.20	4.74	5.58	3.38	3.41	3.37	4.06	4.75	5.51	6.34	7.24	8.24	9.22	10.18
Quick Ratio	(Cash + Marketable Securities + Accounts Receivable)/Current Liabilities	15.46	8.88	4.61	5.40	3.14	3.19	3.15	3.84	4.52	5.29	6.12	7.02	8.01	8.99	9.95
Cash Ratio	(Cash + Marketable Securities)/ Current Liabilities	13.56	7.49	3.93	4.57	2.43	2.20	2.16	2.85	3.53	4.29	5.12	6.02	7.01	7.99	8.94
<i>Asset-Management Ratios:</i>																
Asset Turnover Ratio	Revenue/((Beg Asset + End Asset)/2)		0.61	0.61	0.59	0.73	0.76	0.81	0.77	0.74	0.70	0.67	0.63	0.58	0.54	0.51
ROA	NI/((Beg Asset + End Asset)/2)		24.3%	16.0%	19.9%	24.2%	20.8%	19.6%	21.4%	20.2%	19.1%	17.9%	16.5%	15.0%	13.7%	12.6%
Fixed Asset Turnover Ratio	Revenues/((Beg Fix - End Fix)/2)		1.35	1.24	1.14	1.29	1.20	1.21	1.21	1.24	1.28	1.32	1.36	1.37	1.39	1.42
<i>Financial Leverage Ratios:</i>																
Debt to Capitalization	Debt/(Debt+SE)	0.14	0.16	0.32	0.24	0.33	0.23	0.23	0.23	0.21	0.20	0.19	0.17	0.16	0.15	0.14
Debt to Equity Ratio	Debt/SE	0.12	0.14	0.24	0.19	0.25	0.19	0.19	0.18	0.18	0.17	0.16	0.15	0.14	0.13	0.12
Degree of Financial Leverage	OI/(OI-Int)	1.02	1.02	1.04	1.02	1.01	1.02	1.01	1.01	1.02	1.02	1.02	1.03	1.04	1.04	1.05
<i>Profitability Ratios:</i>																
Return on Equity	(NI/Beg TSE)		29.74%	21.97%	28.84%	30.69%	29.47%	26.59%	29.38%	27.46%	25.54%	23.51%	21.38%	18.94%	16.98%	15.34%
Revenue Per Daily Active Users	DAU/MAU	30.24	37.61	43.99	47.86	61.70										
Revenue Per Monthly Active Users	Revenue/MAU	19.97	24.76	29.05	31.72	40.77	43.36	49.40	53.81	58.92	63.67	68.90	73.06	75.83	78.34	80.60
Earnings Per Share	NI/Basic Shares	5.49	7.65	6.48	10.22	13.99	13.54	15.09	20.33	23.88	27.69	31.46	34.88	37.14	39.28	41.25
<i>Payout Policy Ratios:</i>																
Dividend Payout Ratio	(Dividend/EPS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payout Ratio	((Divs. + Repurchases)/NI)	12.40%	58.24%	22.73%	21.52%	113.12%	27.17%	24.79%	18.70%	16.15%	14.11%	12.58%	11.47%	10.88%	10.39%	9.98%

Meta Platforms, Inc.
Sensitivity Tables

		Rest of World ARPU Growth 2022							
		311.91	7.50%	10%	12.50%	15%	20%	25%	30%
Rest of World User Gr	5.20%	311.91	282.83	287.43	292.60	298.43	312.31	329.74	351.53
	6.20%		285.57	290.58	296.22	302.57	317.72	336.76	360.57
	7.20%		288.54	293.99	300.14	307.06	323.58	344.37	370.37
	8.20%		291.74	297.67	304.37	311.91	329.92	352.60	380.98
	9.20%		295.20	301.65	308.94	317.15	336.78	361.50	392.46
	10.20%		298.93	305.95	313.88	322.82	344.19	371.13	404.89
	11.20%		302.95	310.59	319.21	328.93	352.20	381.54	418.33

		CapEx Growth Rate 2023							
		311.91	4.00%	6.00%	8.00%	10.00%	12.00%	14.00%	16.00%
COGS as % of Sales 20:	9.45%	311.91	387.49	375.00	361.39	346.56	330.42	312.86	293.77
	10.45%		375.94	363.45	349.84	335.01	318.87	301.31	282.22
	11.45%		364.39	351.90	338.29	323.46	307.32	289.76	270.67
	12.45%		352.84	340.35	326.74	311.91	295.77	278.21	259.12
	13.45%		341.29	328.80	315.19	300.36	284.22	266.66	247.57
	14.45%		329.74	317.25	303.64	288.81	272.67	255.11	236.02
	15.45%		318.19	305.70	292.09	277.26	261.12	243.56	224.47

		Beta							
		311.91	1.23	1.29	1.34	1.39	1.44	1.49	1.54
CV Growth of NOPLAT	1.90%	311.91	338.97	323.09	310.84	299.40	288.68	278.63	269.19
	2.10%		344.35	327.87	315.18	303.35	292.29	281.92	272.20
	2.30%		350.05	332.93	319.77	307.51	296.08	285.38	275.36
	2.50%		356.12	338.28	324.61	311.91	300.07	289.02	278.68
	2.70%		362.57	343.97	329.75	316.56	304.29	292.86	282.18
	2.90%		369.46	350.03	335.20	321.48	308.75	296.91	285.86
	3.10%		376.82	356.48	341.00	326.71	313.47	301.18	289.74

		Reality Labs Growth Rate							
		311.91	70%	80%	90%	100%	110%	120%	130%
Risk-Free Rate	2.27%	311.91	310.39	319.17	330.08	343.58	360.16	380.41	405.02
	2.47%		300.28	308.74	319.26	332.25	348.22	367.71	391.40
	2.67%		290.75	298.91	309.06	321.58	336.97	355.75	378.56
	2.86%		282.11	290.00	299.80	311.91	326.77	344.90	366.92
	3.07%		273.27	280.88	290.33	302.01	316.33	333.80	355.01
	3.27%		265.23	272.59	281.73	293.00	306.84	323.71	344.18
	3.47%		257.61	264.73	273.57	284.47	297.84	314.15	333.93

		Asia-Pacific User Growth 2022							
		311.91	7%	8%	9%	10%	11%	12%	13%
Asia-Pacific ARPU Grov	9%	311.91	266.46	270.74	275.24	279.99	284.98	290.24	295.78
	11%		274.53	279.30	284.33	289.63	295.21	301.08	307.26
	13%		283.41	288.73	294.34	300.24	306.46	313.01	319.91
	15%		293.17	299.09	305.33	311.91	318.84	326.14	333.82
	17%		303.88	310.47	317.41	324.73	332.44	340.56	349.12
	19%		315.64	322.96	330.67	338.80	347.37	356.40	365.91
	21%		328.53	336.65	345.21	354.24	363.76	373.78	384.34

Meta Platforms, Inc.

Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2016	2017	2018
Year 1	277.0	409.0	698.0
Year 2	284.0	464.0	1000.5
Year 3	265.0	470.0	1000.5
Year 4	221.0	448.0	1051.0
Year 5	184.0	430.0	1051.0
Thereafter	733.0	2423.0	9850.0
Total Minimum Payments	1964.0	4644.0	14651.0
Less: Cumulative Interest	323.3	946.4	3880.8
PV of Minimum Payments	1640.7	3697.6	10770.2
Implied Interest in Year 1 Payment	#DIV/0!	68.3	153.8
Pre-Tax Cost of Debt	4.16%	4.16%	4.16%
Years Implied by Year 6 Payment	4.0	5.6	9.4
Expected Obligation in Year 6 & Beyond	184	430	1051
Present Value of Lease Payments			
PV of Year 1	265.9	392.7	670.1
PV of Year 2	261.8	427.7	922.2
PV of Year 3	234.5	415.9	885.3
PV of Year 4	187.8	380.6	892.9
PV of Year 5	150.1	350.7	857.2
PV of 6 & beyond	540.7	1730.0	6542.5
Capitalized PV of Payments	1640.7	3697.6	10770.2

Meta Platforms, Inc.

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	0
Average Time to Maturity (years):	1.00
Expected Annual Number of Options Exercised:	0

Current Average Strike Price:	\$ -
Cost of Equity:	9.81%
Current Stock Price:	\$210.77

<i>Fiscal Years Ending Dec. 31</i>	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Increase in Shares Outstanding:	0	0	0	0	0	0	0	0	0	0
Average Strike Price:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Common Stock Account:	-	-	-	-	-	-	-	-	-	-
Share Repurchases (\$)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Expected Price of Repurchased Shares:	\$ 210.77	\$ 231.45	\$ 254.16	\$ 279.10	\$ 306.48	\$ 336.56	\$ 369.58	\$ 405.84	\$ 445.66	\$ 489.39
Number of Shares Repurchased:	47	43	39	36	33	30	27	25	22	20
Shares Outstanding (beginning of the year)	2,741	2,694	2,650	2,611	2,575	2,543	2,513	2,486	2,461	2,439
Plus: Shares Issued Through ESOP	0	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	47	43	39	36	33	30	27	25	22	20
Shares Outstanding (end of the year)	2,694	2,650	2,611	2,575	2,543	2,513	2,486	2,461	2,439	2,418